
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Update to Matrix of Policy Recommendations for Fiscal Year 2008

OVERVIEW

In IBA Report No. 07-60, dated June 1, 2007, the IBA made thirty-three policy recommendations related to the Mayor's Fiscal Year 2008 Proposed Budget. The recommendations were intended to provide avenues for improved financial governance or increased efficiency and effectiveness. It was recommended that each of these items be explored and discussed over the course of the fiscal year, and that the IBA would track the progress of these items and report regularly to the Budget and Finance Committee.

The first update to the Matrix of Policy Recommendations for Fiscal Year 2008 was presented to the Budget & Finance Committee at its meeting of October 17, 2007.

IBA Report No. 07-100, dated October 12, 2007, provided a first update on the progress made on each of the policy recommendations, and also included a status report on additions to the Fiscal Year 2008 Budget specifically directed by the City Council. This information was presented to the Budget & Finance Committee at its meeting of October 17, 2007. At that time, significant progress had been made on the development and review of several financial policies. Actual staffing of the City's internal audit function reached budgeted levels, and the City's new internal auditor began in October 2007.

FISCAL/POLICY DISCUSSION

Since the last update was made in October, many of the policy recommendations have been implemented, including:

- City Council approval of:
 - ✓ Reserves Policy
 - ✓ Debt Policy
 - ✓ Investment Policy
 - ✓ Establishment of Retiree Health Trust with CalPERS
 - ✓ Cost-recoverable fee for Automated Refuse Container Replacement
 - ✓ Revisions to Council Policy 700-02 for CDBG Programming
- Creation of Permanent Homeless Shelter Task Force

Updates from the Mayor's office to various City Council committees have taken place on several subjects, including:

- ADA Compliance
- Land Sales
- Managed Competition
- City Management Program

The IBA is concerned that further attention is needed for progress to occur in the following areas:

- Non-receipt of booking fees
- Effect of land sales on planned projects
- Leveraging of employee offset savings and compliance with labor contracts
- Staffing impacts related to the ERP project
- Development Services Department Fiscal Recovery and Contingency Plans

In addition, some departments report that they are awaiting the completion of Business Process Reengineering (BPR) reports prior to resolving outstanding issues, including Facilities Division as an Internal Service Fund, and Fire-Rescue Department's Constant Staffing.

CONCLUSION

Several key policy recommendations have been implemented, most notably those related to the adoption of important financial policies. Many areas need continued attention, and the IBA intends to discuss specific issues with affected departments, and to revisit some during the upcoming budget deliberations. The IBA will monitor all items in order to strengthen accountability and provide information to the City Council and the public on these topics.

[SIGNED]

Elaine DuVal
Fiscal & Policy Analyst

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Approved: Andrea Tevlin
Independent Budget Analyst

Attachment: IBA Policy Matrix - Fiscal Year 2008